

CALIFORNIA HIGH-SPEED RAIL: SELECTION OF "USABLE SEGMENTS"



November 3, 2011

Introduction

- The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (the Bond Act) requires that a “Usable Segment” must be selected in which the Authority proposes to invest the bond proceeds.
- “Usable Segment” is “...a portion of a corridor that includes at least two stations”
- Authority must assess certain criteria as specified in the Bond Act when selecting usable segments

November 3, 2011

Evaluation of usable segments

Past Authority actions taken, based on selection criteria (to meet Prop 1A Bond Act), resulted in selection of the Initial Construction Section (ICS) for which federal grant funding has been awarded. The “Selection Criteria” included:

- Priority to segments expected to require the least amount of bond proceeds as a % of construction cost
- Projected ridership and revenue
- Test and certify trains operating at 220 MPH
- Utility for train services other than high-speed service (with no unreimbursed cost to the Authority)
- Connectivity of the high-speed network to other modes of transit

(refer Board Meetings: Nov 4, 2010, Dec 2, 2010, Dec 20, 2010, March 30, 2011, July 14, 2011.)

November 3, 2011

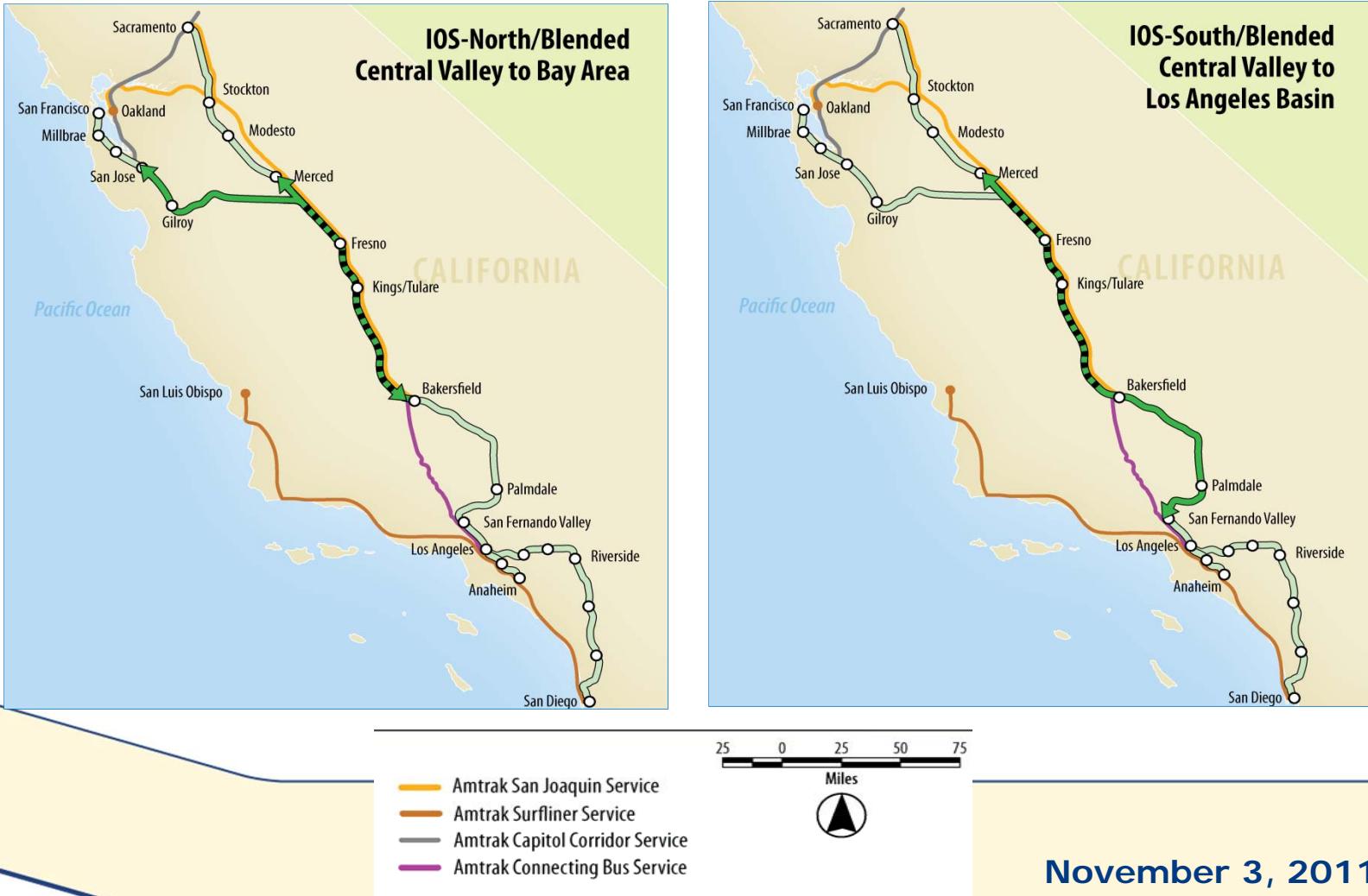
Evaluation of usable segments

Two potential usable segments are viewed favorably against the criteria in the Bond Act

- Referenced in the draft 2012 Business Plan as the
 - Initial Operating Section (IOS) North and
 - Initial Operating Section (IOS) South
- Both include the ICS

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Location of usable segments



November 3, 2011

Recommendation - Select two Usable Segments

- IOS North – Central Valley to Bay Area
 - 290 miles from a Bakersfield station in the South to a San Jose station in the North, through four additional stations including Gilroy, Merced, Fresno, and Kings/Tulare.
- IOS South – Central Valley to Los Angeles Basin
 - 300 miles from a Merced station in the North to a San Fernando Valley station in the South, with four additional stations including Fresno, Kings/Tulare, Bakersfield, and Palmdale.

November 3, 2011

CALIFORNIA HIGH-SPEED RAIL: FUNDING PLAN PRESENTATION



November 3, 2011

Introduction

- Required by the Bond Act
- Submitted prior to a request for appropriation of proceeds from the Bond Act for capital costs
- Authority's first Funding Plan – Covers two Usable Segments:
 - Initial Operating Section (IOS) North and IOS South

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Elements of Funding Plan

- Usable Segments
- Lease or Franchise Agreements
- Capital / Construction Costs
- Sources of Funds
- Projected Ridership & Operating Revenue Estimates
- Known or Foreseeable Risks
- Authority Certifications

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Capital / Construction Costs

Year-of-Expenditure dollars in millions	ICS	IOS North	ICS	IOS South
Incremental capital cost by section	\$6,000	24,700	6,000	27,200
Cumulative capital cost ¹	\$6,000	30,700	6,000	33,200
Year of construction start ²	2013	2015	2013	2015
Year of construction end	2017	2021	2017	2021

¹ Cumulative figures may not foot due to independent rounding

² First full year of construction

November 3, 2011

Sources of Funds - ICS

Funding Sources ¹	Amount (\$ MM)	Subtotals (\$ MM)	Status
<i>Pre-construction² (e.g., planning, engineering, environmental clearance)</i>			
ARRA Pre-construction Funding	66.0		<i>Obligated</i>
- State matching funds	66.0		<i>Appropriation anticipated FY 2012</i>
Total ARRA Pre-Construction		132.0	
<i>Construction</i>			
ARRA Construction Funding	2,321.0		<i>Obligated</i>
- State matching funds	2,258.0		<i>Appropriation anticipated FY 2012</i>
Subtotal ARRA Construction		4,579.0	
FY 2010 Appropriations Construction Funding	929.0		<i>Obligation anticipated in Nov 2011</i>
- State matching funds	360.0		<i>Appropriation anticipated FY 2012</i>
Subtotal FY 2010 Construction Funding		1,289.0	
Total Construction Funding		5,868.0	
Total Initial Construction Section			
Total Pre-construction and Construction Periods		6,000.0	

¹ Figures are subject to rounding

² Pre-construction costs reflect estimated ICS share, excluding any station design costs

November 3, 2011

Projected Ridership & Operating Revenue Estimates – no operating subsidy required

Revenues , O&M Costs and Net Operating Profits -- IOS North (year of expenditure dollars in millions) (operations beginning in 2022)								
	2025	2030	2035	2040	2045	2050	2055	2060
Revenues	\$759	1,074	1,277	1,514	1,804	2,145	2,549	3,018
O&M Costs	<u>\$474</u>	<u>643</u>	<u>808</u>	<u>988</u>	<u>1,193</u>	<u>1,362</u>	<u>1,456</u>	<u>1,751</u>
Net Operating Profits	\$285	431	469	526	612	783	1,094	1,268

Revenues , O&M Costs and Net Operating Profits -- IOS South (year of expenditure dollars in millions) (operations beginning in 2022)								
	2025	2030	2035	2040	2045	2050	2055	2060
Revenues	\$1,002	1,422	1,691	2,005	2,389	2,840	3,375	3,996
O&M Costs	<u>\$539</u>	<u>713</u>	<u>927</u>	<u>1,132</u>	<u>1,362</u>	<u>1,548</u>	<u>1,683</u>	<u>1,953</u>
Net Operating Profits	\$464	710	764	873	1,027	1,292	1,693	2,043

Next Steps

- Approve Funding Plan
- Commence appropriation process

November 3, 2011